

# GEORGIA UPDATE

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[www.georgiaupdate.gov.ge](http://www.georgiaupdate.gov.ge)

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- World Bank Approves \$60 Million Loan Targeting Competitiveness, Inclusive Growth
- British Airways to Re-Launch Tbilisi-London Route



Four years ago, Georgia's Olympians suffered the dread of seeing their country invaded by Russia while they were half a world away in Beijing. This year, members of the National Olympic Team (seen here taking an oath before departing for London) encountered a controversy of a less lethal kind: On the official 2012 Olympics website, two Georgian towns were listed as being in...Russia, rather than in Georgia's to Russian-occupied territories of Abkhazia and S. Ossetia. The site lists Russian wrestler Besik Kudukhov's place of birth as "South Ossetia, Russia." The place of birth of another wrestler, Denis Tsargush, born in the town of Gudauta, is also listed as Russia. Said Georgiy Asanidze, a member of Georgia's Olympic Committee: "Politics should not meddle in sports." Thirty-five Georgians will compete in 13 sports in London.

## INTERNATIONAL MEDIA ON GEORGIA

**BLOOMBERG:** Governing party favored by Georgians in new poll

**BBC:** Georgian athletes confront Olympics ghosts

**INTERNATIONAL HERALD TRIBUNE:** Public service hall, Georgia's crown jewel

**THE ECONOMIST:** Georgian politics—blood feud

**RADIO FREE EUROPE:** Georgia's ruling party proposes joint pledge on elections

**IRISH TIMES:** Saakashvili wants rivals to accept poll conduct code

**WASHINGTON POST:** Russian senator gives mixed signal on US relations

**JAMESTOWN:** Georgian Dream leaders envisage post-election confrontation

**NATIONAL REVIEW:** When the West saved Tbilisi

**CNN:** New city, new vision for Georgia

## QUOTES OF THE WEEK

"When we were leaving for Beijing, there were no preconditions for war. Initially when I heard the war started, I did not believe it. Especially on such a day—the opening ceremony—when there is a tradition that during the Olympics all wars should be halted. It was a big stress for me that my country was involved in a war on such a day."

◆ Georgian Olympian Nino Salukvadze recalling the opening day of the 2008 Beijing Olympics

"We are, exactly, worried because they planned this exercise in September and when we announced that we are going to have elections in October, they said that they are going to have this exercise postponed until October. So it's very, very worrisome that they are coinciding this exercise together with the Georgian elections."

◆ Georgian Deputy PM Giorgi Baramidze in an interview with Euractiv discussing massive military exercises planned by Russia near Georgia

"We take responsibility to recognize election results, summarized by the Central Election Commission and deemed legitimate by observer organizations with credible reputation."

◆ One of the points in the proposed electoral code of conduct that, while agreed to by most parties, is still in the balance.

## UPCOMING MILESTONES

**Aug. 7:** 4th anniversary of Russian invasion

**Sep.:** NATO Secretary General Anders Fogh Rasmussen visits Georgia

**Oct.:** Parliamentary election

## TOP STORIES

**Parties Near Agreement on Electoral Code of Conduct**

Georgia's political parties approached consensus on a proposed electoral code of conduct. Tabled last week by the ruling UNM party, the original four-point declaration urged political parties to commit themselves to a set of guiding principles to ensure a free and fair parliamentary vote in October. The proposal calls on political parties to reject violence and the obstruction of other campaigns; to follow the recommendations of civil society organizations and the Inter-Agency Task Force for Free and Fair Elections on administrative resources; to recognize election results as "summarized by the Central Election Commissions, and which have been deemed legitimate by credible observer organizations"; and to reject vote-buying.

A coalition of local civil society, election observer, and media organizations called "This Affects You Too" said the ruling party's declaration was important, and presented 17 additional principles to further secure a peaceful and fair electoral environment. UNM officials heeded the coalition's advice and agreed to include in the declaration their supplementary principles, fortifying the code of conduct pledge. "I think that these principles should be acceptable for all those parties, interested in having an electoral process free of valance, vote-buying, misuse of administrative resources, as well as for all those parties interested in holding really democratic elections instead of using elections as a pretext for triggering some other processes," said Parliament Chairman Bakradze, calling civil society's proposals "important" and "valued."

Thus far, the New Rightists, the Christian Democratic Movement, and the National Democratic Party have pledged to sign the code. The opposition coalition, Georgian Dream, led by billionaire Bidzina Ivanishvili, has yet to agree to the proposal. Georgian Dream representatives have refused to uphold the pledge "unconditionally," challenging the declaration's primary principle of recognizing official election results deemed legitimate by the Central Election Commission and credible international election observers. "We have our defined position about recognition of election results," said Zakaria Kutsnashvili, a member of Ivanishvili's party Georgian Dream-Democratic Georgia. "We will not recognize election results unconditionally," he said. Such remarks have created concerns that Ivanishvili's coalition could be planning post-election street protests if the results do not favor them.

[CIVIL GEORGIA: UNM Agrees on Broader Code of Conduct](#)

[CIVIL GEORGIA: Proposed Parties' Code of Conduct Hangs in Balance](#)

**Ruling Party Vows to Encourage Media Freedom Rules Beyond Election Day**

The ruling UNM vowed this week to encourage cable operators to continue carrying all news stations after the October elections. Last month, Parliament passed a groundbreaking media-freedom law that compels all cable operators to carry all news-based TV channels in Georgia during election periods, while requiring all news-based TV channels to offer their signal to all cable operators—thus giving all political parties an even playing field in accessing Georgian voters. President Saakashvili signed the law last week.

Parliamentary Chairman Davit Bakradze said that authorities would "encourage" the newly endorsed electoral reform laws after October's vote. "We will promote and encourage all cable operators and TV channels to maintain the cooperation they will build during the pre-election period." A Tbilisi-based group of ambassadors hailed the rules as a "very positive initiative to provide a large part of the Georgian population with a more diverse range of information sources."

[CIVIL GEORGIA: Ruling Party Vows to Encourage Must-Carry Rules](#)

**British Airways to Re-Launch Tbilisi-London Route**

British Airways is returning to the Georgian market after a 10-year hiatus with the launch of daily flights between Tbilisi and London. The route will launch on October 13.

[TREND DAILY NEWS: British Airways Return to Georgia Market](#)

**Government Pledges Fast, Broad Relief for Storm Victims**

The government pledged to provide fast, broad relief for victims of the disastrous hailstorm that pounded eastern Georgia last week. "I want to tell my sisters, brothers, and compatriots: we will take care of you," President Saakashvili said in a televised address, speaking to residents in Kakheti, where the storms wreaked havoc. "Of course we are not a very rich country and I have no illusion that we will be able to fully reimburse the damage... but I think that we will help the most vulnerable people first and foremost. Saakashvili said that the government's relief effort is of an unprecedented scale. On Monday, Parliament approved a relief bill allocating funds for the region's storm-stricken residents. PM Merabishvili also said the state will cover the cost of servicing farm loans for one year, while also providing flour, cooking oil, and sugar, pesticides, and fuel to affected families. Two relief and humanitarian organizations, CARE International and World Vision, conducted a joint rapid assessment of the damage in Kakheti's 11 communities and municipalities, calling the storms the "largest disaster" since Russia's 2008 invasion. The organizations expect damages to total \$91 million, with 20,00 households affected and 22,000 hectares of arable land destroyed.

[CIVIL GEORGIA: Govt. Announces Assistance for Hailstorm Victims](#)

**Efforts to Ensure Transparency in Political Party Financing Advance, As Opposition Leader Pays Fine**

Georgia's efforts to ensure that the money flowing into its political party system is transparent and accountable marked a milestone this week as opposition leader Bidzina Ivanishvili paid a \$48 million fine. The State Audit Office (SAO), which is mandated by law to monitor party finances, had found Ivanishvili to be illegally funding his Georgian Dream coalition; Tbilisi City Court subsequently confirmed the findings and assessed the fine against Ivanishvili.

The SAO also gained new leadership this week. Its former head, Levan Bezhashvili, a former governor of Kakheti, submitted his resignation to Parliament so that he could focus his efforts on helping the people in storm-ridden Kakheti; today, President Saakashvili appointed him to lead the government's relief efforts. Parliament chose lawmaker Lasha Tordia, who is chair of the chamber's Human Rights Committee, to replace Bezhashvili.

[CIVIL GEORGIA: New Head of State Audit Service Appointed](#)

**World Bank Approves \$60 Million Loan Targeting Competitiveness, Inclusive Growth**

The World Bank last week approved a \$60 million development loan to encourage economic growth and competitiveness in Georgia. The 25-year loan is the first of its kind to boost competitiveness, a key component of the 2010-2013 cooperation strategy between the World Bank and Georgia. The loan will finance the government's planned reforms, aimed at boosting competitiveness and growth in three key areas: export market and foreign investment access; energy sector investment and modern training systems development; and social spending efficiency and improved social welfare programs.

[TREND DAILY NEWS: World Bank Allocates \\$60 Million to Georgia](#)

## INTERNATIONAL MEDIA ON GEORGIA

**BLOOMBERG: Governing party favored by Georgians in new poll**

President Saakashvili's party would beat billionaire Bidzina Ivanishvili's opposition coalition in snap parliamentary elections, a poll showed. About 43% of likely voters would back Saakashvili's National Movement, according to the International Republican Institute, which conducted the survey. Ivanishvili's party, set up to challenge in October's ballot, had 24% backing. The president, whose second term ends next year, had a job-approval rating of 73 percent. The nationwide survey, funded by the U.S. Agency for International Development, polled 1,503 people in June and July.

[www.bloomberg.com](http://www.bloomberg.com)

**BBC: Georgian athletes confront Olympics ghosts**

Georgia's athletes have been training hard for the London Olympics. But the Games bring up some difficult memories. Four years ago, while Georgia's Olympic team were toiling in Beijing, their country waged a short-lived war with its giant neighbor, Russia. The fighting erupted one day before the Beijing Olympics opened. Russian troops advanced into Georgia. "When we were leaving for Beijing, there were no preconditions for war. Initially when I heard the war started, I did not believe it," says Nino Salukvadze. "Especially on such a day—the opening ceremony—when there is a tradition that during the Olympics all wars should be halted. It was a big stress for me that my country was involved in a war on such a day."

[www.bbc.co.uk](http://www.bbc.co.uk)

**IHT: The administrative hall, Georgia's crown jewel**

On a recent Thursday, I stopped by the new Public Service Hall in Rustavi, a dusty factory town just outside the nation's capital, to see if this new so-called supermarket of public services was indeed the marvel of efficiency and comfort it has been made out to be. As a flashy but promising answer to basic development problems, they've set foreign observers twitching in delight. The halls are a jewel in Georgia's crown.

[latitude.blogs.nytimes.com](http://latitude.blogs.nytimes.com)

**THE ECONOMIST: Georgian politics—blood feud**

Georgians may have too pessimistic a view of their own country. As a recent pre-electoral assessment from the National Democratic Institute points out, Georgia has implemented several key democratic reforms in recent years. According to the study, 55% of Georgians surveyed think the elections will be well conducted, and only 21% fear falsification. Yet opposition leader and energy tycoon Bidzina Ivanishvili has said that if he has any evidence of vote rigging, he will call for street protests. For most foreign observers, and many Georgians, that would be a step backwards.

[www.economist.com](http://www.economist.com)

**RFE: Georgia's ruling party proposes joint pledge on elections**

Georgian opposition parties have reacted with caution to a call by the ruling party to sign a four-point declaration aimed at ensuring that campaigning for the parliamentary election is peaceful, free, and fair. Two opposition parties represented in the outgoing parliament, the New Rightists and the Christian-Democratic Movement, have indicated that they will sign the declaration, as has the National Democratic Party. But no party has yet done so.

[www.rferl.org](http://www.rferl.org)

**IRISH TIMES: Saakashvili wants rivals to accept conduct code**

Georgia's ruling party has urged its rivals to sign a "code of conduct" for October's general election. The proposed code calls on all parties to agree to conduct a clean campaign and to "recognize election results, summarized by the central election commission and deemed legitimate by observer organizations with credible reputation." However, it is not clear whether Ivanishvili's coalition will sign up to the code and limit its scope for possible post-election protests.

[www.irishtimes.com](http://www.irishtimes.com)



*Luza Beradze, a 71-year-old veteran folk singer, jokes as his wife helps him fasten the traditional Imeretian dress in the village of Kitskhi, Georgia. Beradze, who lost his son during the war in Abkhazia in the early 1990s, says that only singing and humor have helped him survive all these years. (Photo by Temo Bardzimashvili for Eurasianet.)*

**WASHINGTON POST: Russian senator gives mixed signal**

The visit of a multimillionaire Russian senator to the US last week was difficult, upbeat and contradictory—the very image of the reset-retrench relationship between the two countries. Vitaly Malkin was in Washington to confront Congress over the Magnitsky bill, which would put Russians connected with human rights abuses on a blacklist, denying them US visas and freezing their assets. Malkin, who made his fortune in business with Georgian opposition leader Bidzina Ivanishvili, has had his own visa travails. He has been denied a Canadian visa for "being a member of a group engaged in organized or transnational crime."

[www.washingtonpost.com](http://www.washingtonpost.com)

**JAMESTOWN: Georgian Dream leaders envisage confrontation**

Borrowing from the radical opposition's logic in the preceding elections, Georgian Dream leaders seem to claim victory in advance and urge their supporters to "defend their votes" through street demonstrations in the elections' aftermath. These tactics, when previously used by the radical opposition, led to tumultuous scenes in Tbilisi before Russia's invasion. Meanwhile, opposition coalition leader Bidzina Ivanishvili repeatedly "guaranteed" a two-thirds parliamentary majority for Georgian Dream. On July 4, he declared: "They [the authorities] have only a few months left—three months. We will oust all of them. The fate of the country has been transferred into the hands of the people."

[www.jamestown.org](http://www.jamestown.org)

**NATIONAL REVIEW: When the West saved Tbilisi**

Senator John McCain may have overstated things a bit when, shortly after the war started, he said, "We are all Georgians now." But apparently even rank-and-file Russian soldiers view the Georgians and Americans as one. Likewise, these simple Georgian countrywomen seemed to understand who their friends are. "I am very thankful to the West," said Maya, a refugee, as her eyes welled up with tears. "They support us so much. We thought we were alone....The West saved the capital."

[www.nationalreview.com](http://www.nationalreview.com)

**CNN: New city, new vision for Georgia**

In marshland off Georgia's Black Sea coast, Georgia's president plans to build a brand new city—which he wants to call Lazika. The promotional spiel promises dazzling skyscrapers and a special economic environment to make this the ideal spot, according to the Georgian government, to live and do business. Plus it will house another port—along a coastline teaming with ports—to support Georgia's role as a major hub for international trade.

[business.blogs.cnn.com](http://business.blogs.cnn.com)